



CITY OF LEON VALLEY, TEXAS

2016

***Request for Proposals
Banking Services Contract***

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I. INTRODUCTION

In accordance with the provisions of the Texas Local Government Code Chapter 105, the City of Leon Valley (the “City”) is requesting proposals from eligible and qualified financial institutions, as defined in Section 105.001, to provide the City banking services as described in this RFP. The contract will be for the period beginning October 1, 2016 and ending September 30, 2021.

The banking services contract is an important component of the treasury and cash management system for the City. From this perspective, the City is seeking a financial institution that is:

- Capable of providing the services required by the City;
- Willing to be attentive and responsive to the City’s financial matters; and
- Financially sound and meets the City’s requirements.

Qualified financial institutions should answer all questions in the Request for Proposals (RFP) and deliver sealed proposals to the Purchasing Agent, 6400 El Verde Road, Leon Valley, Texas 78238 no later than 2:00 p.m. on Tuesday, June 7, 2016.

A. Account Information

The City of Leon Valley currently maintains two (2) accounts, with the main account being the Pooled Account. The other account maintained by the City is a Flexible Spending Account.

Other accounts will be set up as needed during the term of the contract.

All accounts established will be interest bearing accounts unless otherwise specified by the City of Leon Valley Finance Director. The City reserves the right to open or close any number or type of account, as it deems necessary throughout the term of the agreement.

B. Criteria for Evaluation

The City will evaluate the banking services proposals based on the following criteria:

- Ability to perform and provide the required and requested services and previous service relationship with the City (30%)
- Experience and success in providing banking services to Texas Municipal Governments and the institutions financial strength and stability (30%)
- Ability to provide the City with effective cash management services to include online services (30%)
- Cost of banking services (10%)

C. Investment Policy

The City intends to invest all idle funds in approved investments according to the Public Funds Investment Act and the City investment policy. All investments outside of the bank and investment pools are made on delivery vs. payment. The safekeeping of the investments will be at the depository. Securities owned by the City will be held in the City's name as evidenced by safekeeping receipts of the institution holding the securities. Attached in the Exhibit section is the City's investment policy.

D. Miscellaneous

The City reserves the right to reject any and all proposals submitted, to waive informalities, and accept the proposals that is the most advantageous to the municipality considering the relative importance of price and the other evaluation factors included in the request for proposals. Proposer must meet all legal requirements and the requests outlined in this RFP. Failure to do so will result in disqualification.

Only written addendums issued through the Finance Department of the City of Leon Valley and signed by the City of Leon Valley, Director of Finance are valid. Any and all other changes are unauthorized and will be considered invalid.

Failure of the banking institution awarded the contract to enter into a subsequent contract/agreement within 30 days of the award will render the response invalid.

II. REQUIRED BANKING SERVICES

A. General Description of Services

Banking services to be provided are listed on the proposal form. The following identifies and discusses the services to be provided and the requirements to be met.

1. Online Banking Services - The bank must have online banking services. The City requires an automated PC-based reporting system for access to the closing ledger and available balances. Stipulate the time at which the access is available and describe the system to be used. Reporting should include balance and daily reporting.
2. Standard disbursement services – Standard disbursing services for all accounts are required to include the payment of all checks upon presentation. No funds or fees may be withdrawn from the Depository except by properly drawn warrants which have been approved and signed by appropriate authorities as designated on signature cards.

3. Standard deposit services – The bank must guarantee immediate credit on all incoming wire transfers and U.S. Treasury checks upon receipt and all other checks based on the bank's availability schedule. All deposits received before the bank's deadline will be credited daily. All deposits will be mixed containing cash, check and coin. The bank will notify the City as soon as possible for any deposit adjustments.
4. Statements – Monthly account statements will be provided within five (5) working days after the close of the calendar month. Each statement shall contain optical images of the checks. If the City requests to see a copy of the back of the check, the bank shall make that available. These statements shall show the number of checks, deposits and deposit items posted, daily ledger balances, average daily ledger balance for the month, average daily collected balance for the month and other items on which the charges are based.
5. Safekeeping Account – All securities purchased will be handled on a delivery versus payment (DVP) basis as they are cleared into and out of the account. The depository institution must provide a safekeeping account to hold securities purchased by the City.
6. Account Analysis – Service charges for monthly service shall be included in a monthly analysis format. A monthly detailed billing for every single service charge for all individual bank accounts which includes type of service, volume, individual price, and total price. The services should also include the execution of transactions. Internal controls should also be sufficiently established.
7. Fraud Protection – The bank should have a detailed check fraud detection service.
8. Wire transfers – The bank shall have online wire transfer capability with security features. The bank shall include a copy of its standard transfer procedures and wire transfer agreement along with its security provisions and procedures.
9. Stop payments – At times, the City will require the bank to issue "stop payments." The City must be able to do this online. Please include a statement on the proposed stop payment process.
10. Account Executive – The bank shall provide the City with two account representatives, one primary and one backup, whose responsibilities must be to serve as liaisons between the bank and the City. These individuals must have a minimum of five years experience in dealing with Texas Municipal Governments and will be responsible for attending to inquiries, requests for services, and daily activities regarding the managing of the City's accounts. A brief biography of the

account executives to be assigned to the City's accounts shall be submitted with the proposal.

11. Credit/Debit Cards – The bank will have credit/debit card receipt processing capabilities.
12. Stale Dated Checks – The bank will not honor checks after 180-day limit.
13. Direct Deposit – The City offers its employees an automatic payroll deposit service. The City will upload an electronic file via online banking. City employees are paid on a bi-weekly basis. Please describe your procedures for direct deposit of payroll.
14. Bank Drafting – As an additional service to the City's utility customers, the City allows for monthly bank drafting services from the customers' utility accounts. The City will upload an electronic file via online banking. Please describe your procedures for bank drafting services of utility customer accounts.
15. Courier Services - The City utilizes a Courier service for daily deposit. Courier shall pickup deposits daily, Monday through Thursday, 10:00 a.m. through 4:00 p.m. and Friday 7:30 a.m. through 11:00 a.m. Please list the courier services authorized by your bank and associated fees for this service.
16. The City does not intend to have an overdraft position on any of its bank accounts singly or net throughout the course of the depository contract. In the event a check or checks are presented for payment on any account with insufficient funds available for payment, the City will require the bank to pay said check and promptly notify the Director of Finance or the City's designated representative of the existence of the overdraft situation. The City agrees to cover the overdraft within a maximum of one business day. No interest and/or other insufficient check charges are to be paid by the City on overdrafts.

B. Collateral Requirements

The bank will be required to obtain and maintain acceptable collateral sufficient to cover all anticipated City funds on deposit, above the FDIC insured limit. Securities used to pledge against City deposits must be held in an independent third – party safekeeping institution outside the bank's holding company acceptable to both the City and the successful bank. An original copy of all securities receipts shall be filed with the Director of Finance. Collateral will be maintained at a minimum of 102% of their market value of the largest total balances the City maintains at the bank, less the amount provided by FDIC. The securities pledged shall satisfy the requirements of the Public Funds Collateral Act, Chapter 2257, Texas Local Government Code, and the Investment Policy.

The Board of Directors or designated committee of the successful bank will be required to provide a resolution of certificate approving the commitment and delivery of collateral to the safekeeping institution no later than five (4) days before the commencement of the contract period.

1. Allowable Collateral

The City shall accept only the following types of collateral:

- Obligations of the United States or its agencies and instrumentalities;
- Direct obligations of the State of Texas or its agencies and Instrumentalities; or
- Obligations of the State of Texas, City, County, School or Road District bonds with a remaining maturity of ten (10) years or less with an investment grade bond rating of not less than "A" or its equivalent from a nationally recognized investment rating firm.

2. Collateral Substitution

Any substitutions of the securities or reductions in the total amount pledged shall be made only by and with the proper written authorization of an authorized City signatory prior to the security release or reduction. The City will not waive its rights to have sole authority to substitute or reduce pledged securities. Any such requests shall result in disqualification.

The financial institutions that is designated as the third party safe keeping for the securities pledged for the City shall provide monthly, and as requested by the City, a listing of the collateral pledged to the City marked to current market prices. The listing shall include total pledged securities itemized by:

- name, type and description of the security;
- safekeeping receipt number;
- par value;
- current market value;
- maturity date; and
- Moody's or Standard & Poor's rating (both if available).

Prospective depository institutions are required to submit a copy of the safekeeping agreement and the name of the Trustee Bank to be used.

C. Other Stipulations

1. The successful proposer shall notify the City in writing within ten (10) business days of any changes in Federal or State regulations or laws that would affect the Banking Services Contract.
2. In the event it would be ruled illegal under the provisions of any Federal or State laws or regulations for the successful Bank to comply with the requirements of the Bank Depository Services Agreement, then the City expressly reserves the right and privilege to cancel the Bank Depository Services Agreement.
3. The successful proposer bank's records relating to the City's accounts shall be open for review during normal business hours by designated staff members or appointed independent auditors.
4. The City expressly reserves the right to terminate the depository agreement with or without cause at any time by providing thirty (30) days written notice to the depository to close its accounts.

III. INSTRUCTIONS/REQUIREMENTS

A. Instructions

1. Two (2) originals, two (2) copies, and one (1) electronic copy on a removable flash drive of the proposal must be submitted in a sealed envelope or box and clearly marked "Requests for Proposal: Banking Services Contract" to the City's Purchasing Agent at Leon Valley City Hall, 6400 El Verde Road, Leon Valley, Texas 78238. Sealed proposals are due no later than 2:00 p.m. on Tuesday, June 7, 2016. Proposals received after this time/date will be returned unopened.
2. The proposing bank shall use this RFP form as the OFFICIAL PROPOSAL FORM to submit rates and to answer questions. Submitted prices, rates, conditions, and answers shall be included in final contract form. Any alterations, changes or deletions to this RFP shall be grounds for the City to disregard and reject the RFP. Any service which does not have a fee indicated on the Proposal Form will be considered to be free of charge in the Depository Bank contract. Any additions to the Proposal Form should be indicated under the proper category and order. The signed, submitted response should include printed copies of all completed worksheets and will be deemed the respondent's official proposal. To reduce errors and increase the ease of both response and evaluation, the City is providing an electronic file of the Questionnaire in MS-Word format and the Proposal Form in MS-Excel format. The Questionnaire is included as a Word document to enable the proposer to respond to the questions. The MS-Excel worksheet of the Proposal Form incorporates unit prices for the bank service

items listed with the cost extended based on the activity volume indicated for each item, to arrive at a total monthly service cost.

3. The City reserves the right to request additional information or to meet with representatives from proposing organizations to discuss points in the proposal after submission, any and all of which may be used in forming a recommendation.
4. The City reserves the right to reject any and all bids submitted, to waive informalities and accept the proposal that is the most advantageous to the municipality considering the relative importance of price and the other evaluation factors included in the request for proposals.
5. The proposer states that it is a banking institution chartered under laws of the United States or of the State of Texas, with main or branch banking facilities located within the state of Texas.
6. All costs incurred by the proposer in responding to the RFP shall be the responsibility of the proposer.
7. Chapter 176 of the Texas Local Government Code requires that any vendor or person considering doing business with a local government entity disclose in the Questionnaire Form CIQ, the vendor or person's affiliation or business relationship that might cause a conflict of interest with a local government entity. By law, this questionnaire must be filed with the records administrator of the City not later than the 7th business day after the person becomes aware of facts that require the statement to be filed. See Section 176.006, Local Government Code. A person commits an offense if the person violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.

By submitting a response to this request, vendor represents that it is in compliance with the requirements of Chapter 176 of the Texas Local Government Code.

A copy of Form CIQ is included.

8. The proposing bank shall submit a copy of the last annual financial statements along with the last two quarterly FDIC CALL reports, and provide any public information concerning changes in the ownership, management or financial position of the bank or its parent holding company.

B. Required Forms Checklist

1. Proposal Form
2. Sample bank statement
3. Sample Security Agreement
4. Sample of Pledged Agreement form
5. Sample account analysis statement
6. Wire transfer procedures
7. Stop payment procedures
8. Sample monthly Pledged Collateral Report
9. Proposed Depository Bank Agreement
10. Availability of funds schedule with a clear explanation of deadlines
11. Any other required agreements by the bank not mentioned above
12. Most recent audited annual financial statement of the bank along with the last quarterly FDIC call reports
13. Responses to questionnaire
14. Bank's Identity Theft Policy
15. Procedures for direct deposit of payroll checks
16. Procedures for bank drafting services the City provides to utility customers
17. Description of online banking services
18. Form CIQ

QUESTIONNAIRE

1. The Bank is affiliated with _____ (name of holding company). The legal and financial relationship between our institution and holding company is as follows:
2. How long are stop payment orders effective?
3. Does the bank have any significant problems noted by regulatory agencies in the past 24 months? If "yes," please explain.
4. Indicate the bank's capital to assets and return on assets ratios for the last three years.
5. Describe any other cash management or banking services that could be offered to the City. List all charges that apply.
6. Please list other public funds customers in Texas for which the bank currently serves as a Depository.
7. Please describe the process by which service problems can be resolved. What person or organizational unit is available for complaint or problem resolution?
8. The City desires to have a courier service to transport daily deposits to the bank noting that each Friday the City closes at 11:30 a.m. Please indicate the courier service utilized by the bank and the associated fees?

THE UNDERSIGNED AFFIRMS THAT IT IS DULY AUTHORIZED TO SUBMIT THIS PROPOSAL, THAT THIS PROPOSAL HAS NOT BEEN PREPARED IN COLLUSION WITH ANY OTHER PROPONENT, AND THAT THE CONTENT OF THIS PROPOSAL HAS NOT BEEN COMMUNICATED TO ANY OTHER PROPONENT PRIOR TO THE OFFICIAL OPENING OF THIS PROPOSAL. THE CONTRACT WILL BE AWARDED TO THE PROPONENT WHOSE PROPOSAL IS DETERMINED TO BE THE MOST ADVANTAGEOUS TO THE CITY OF LEON VALLEY CONSIDERING PRICE AND OTHER EVALUATION FACTORS. THE CITY OF LEON VALLEY RESERVES THE RIGHT TO REJECT ANY AND ALL PROPOSALS.

Firm Name/Address and Phone Number

Signature: _____

Printed Name: _____

Date: _____

Phone No.: _____ Fax No.: _____

E-mail address: _____